

4 February 1964

MEMORANDUM FOR: The Honorable MacGeorge Bundy
Special Assistant to the President
for National Security Affairs

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The reports from Ghana are disturbing and the future of Nkrumah and his government is obscure. Reports of his arrest cannot be verified. Also it is not known as of this morning whether the large body of troops surrounding his residence is exercising constraint on him or is there for his protection.

We are continuing to watch this situation carefully and will report regularly. In view of the uncertainties of the situation, I requested a memorandum on the status of the United States' commitments for the Volta Hydroelectric Project and a copy of our report of February 4th is attached. This provides current information on both commitments and drawdowns, as well as the physical status of the project.

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John A. McCone
Director

JAM:mcm Att: OCI No. 0671/64 Subj: The Volta Project in Ghana
Identical memo w/att handcarried to Secy Rusk by DCI, 4 Feb.

- 1 - DCI Chrono w/o att
- 1 - DCI White House File & State File respectively w/att
- ① - ER w/o att

*Dictated but not read.

EXECUTIVE SECRETARIAT

White House

OCI No. 0871/64

CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
4 February 1964

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: The Volta Project in Ghana

1. Ghana's major hydroelectric project on the Volta River is the keystone of its economic development program. It is also regarded as a priority political necessity by the prestige-conscious Nkrumah regime. When completed it will be rivaled in Africa only by Nasir's Aswan project and the Kariba dam on the Zambezi in Rhodesia.
2. The project's primary installations are under construction at Akosombo, about 70 miles northeast of Accra. They consist of an earth dam 370 feet high, and an adjoining power plant which will initially include four generators providing some 800,000 KW of electric power. A 357-mile transmission network will serve points throughout southern Ghana, including Accra and Tema, the new port city 17 miles east of the capital which is being developed as an industrial center. All the installations will be owned and operated by the Ghanaian government through its Volta River Authority, a local version of the TVA.
3. Overall engineering for the project is in the hands of the Kaiser Corporation; the principal contractor is the Italian consortium, Impregilo. So far, work is somewhat ahead of schedule, despite some setbacks such as the flood damage sustained last July. Last November Kaiser officials reported the dam to be about 40 percent completed, and predicted that the halfway point would be reached this month. At this rate the installation will probably be ready to begin producing power in about two more years.
4. The cost of the dam, power station, and grid was calculated at \$190,000,000 in 1961 when financing

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was agreed upon by the US, UK, Ghana, and the World Bank. The US Government commitment amounts to \$37,000,000 of which AID is advancing \$27,000,000 and the Export-Import Bank the balance. Disbursements so far have been modest; as of 1 February they totalled only \$9,200,000 on both loans. Similarly, drawdowns on the \$47,000,000 IERD loan have amounted to only \$8,500,000 and on the \$14,000,000 UK sterling loan to only \$1,300,000. Ghana was to provide the equivalent of \$92,000,000--half of the original estimate. The latest estimate, however, has been scaled down to \$187,000,000.

5. The power project was made economically feasible by the decision of Western interests to build an aluminum smelter in Ghana with an initial annual production capacity of 100,000 tons. This is to be built and operated by the Volta Aluminum Company (VALCO), a Ghanaian subsidiary wholly owned by two American firms--Kaiser Aluminum (99%) and Reynolds (1%). The smelter, which will provide an assured outlet for a substantial portion of the electricity to be produced at Akosombo, will convert into primary aluminum imported alumina supplied by the American investor companies. Construction is scheduled to begin in 1968 and is expected to be completed in 1972. The smelter will be located at Tema.

6. The US Government is heavily committed to the financing of the smelter as well as of the hydroelectric project. In early 1962 the Export-Import Bank approved a loan of \$110,000,000 to VALCO. In addition, AID has covered the total potential equity investment of the two American companies--amounting to \$54,000,000--by an expropriation and inconvertibility risk guarantee. However, no disbursements have been made so far under the loan; these are slated for the period 1968-67. VALCO has spent a minimal sum, perhaps \$500,000, on surveys and preliminary construction work.